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DIRECTORATE OF  
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SECRET

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# *Central Intelligence Bulletin*

## CONTENTS

VIETNAM: Situation report. (Page 1)

BOLIVIA: Reaction to currency devaluation could endanger government. (Page 3)

INDIA: New Delhi will face serious food problems next spring. (Page 5)

UGANDA: Turmoil subsides, but domestic situation far from stable. (Page 6)

ISRAEL-SYRIA: Israeli aircraft strike Syrian Army outpost (Page 8)

MOROCCO: Coalition government (Page 8)

SECRET

SECRET

**VIETNAM:** Communist military activity in South Vietnam continues at the heightened pace begun last week. Although the focus of action shifts from region to region, there is a fairly consistent pattern throughout the country of small-scale attacks concentrated on outposts, hamlets, and major roads and waterways. There appears to be some confusion among enemy units as to whether a cease-fire is imminent. Some units seem to be under the impression that their efforts to tie down government troops and expand Communist control or influence in rural areas and smaller population centers are the prelude to a cease-fire proclamation on 31 October--the date the Communists have been insisting on.

\* \* \* \*

Saigon is sustaining its campaign to elicit support for its position on the peace issue. Government-controlled media continue to denounce alleged Communist schemes to set up a "three-segment government" in South Vietnam, and pro-government demonstrations have now been staged in a number of cities. Saigon radio has acknowledged, however, that everyone understands that "a cease-fire is only a matter of time" and could come in a few weeks, and officials in both Saigon and the provinces apparently are planning for a cease-fire.

\* \* \* \*

Peking has issued its strongest and most authoritative statement to date in support of Hanoi's position regarding the Vietnam negotiations. In a government statement on 30 October Peking backed Hanoi's contention that an agreement between the US and North Vietnam is now ready for signature and blamed Washington for delays in signing. The statement was the strongest attack the Chinese have made in some time on Washington's position with respect to this sensitive matter. Peking implied that Hanoi was responsible for the breakthrough in the private

31 Oct 72

Central Intelligence Bulletin

1

SECRET

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talks and that the US and North Vietnam had agreed wholly on the formulations contained in the North Vietnamese Government statement last week. Peking's statement, in effect, charged the US with stalling by asserting that talk of difficulties in Saigon is but a "pretext" that belies the client nature of Thieu's relationship to Washington. Thus, the Chinese maintained, it was entirely up to Washington to "faithfully keep its word" and end the war.

The statement did omit some details of Hanoi's position and glossed over others. There was no mention of a 31 October deadline, and Peking did not explicitly preclude the possibility of further negotiations between Washington and Hanoi, although it strongly implied they were unnecessary. Even so, Chinese handling of the North Vietnamese announcement has served publicly to move Peking closer to Hanoi on this issue than the Chinese have been for months.

Apart from the obvious aim of adding to pressures on Washington and Saigon, Peking seems intent on improving its position with the North Vietnamese vis-a-vis the Soviets. Whereas Soviet statements imply that Moscow believes further negotiations between Washington and Hanoi may be necessary to wrap up the agreement, the Chinese have aligned themselves with Hanoi in implying that further bargaining is unnecessary.

The Soviets continue to juggle Moscow's desire for a settlement with the need to support North Vietnam. Although Moscow has not yet thrown the full weight of the Soviet propaganda machine behind Hanoi's campaign to pressure the US into an early signing of the agreement, routine broadcasts and articles are beginning to take up the theme.

25X1

31 Oct 72

Central Intelligence Bulletin

2

~~SECRET~~

SECRET

BOLIVIA: Inept handling of the currency devaluation of 27 October has caused a reaction that could endanger the coalition government.

Workers fear that the economic consequences of the 40.6-percent devaluation will weigh heavily on them, and are skeptical that the government can control hoarding and speculation. These fears are contributing to widespread opposition to the monetary move, as is the recollection of the runaway inflations that followed devaluations in the 1950s. The government has compounded this growing resistance by going back on its promise to raise wages while keeping prices frozen. New ceilings, announced on Saturday, provided for substantial increases in the prices of basic foodstuffs. Bread, where available at all in La Paz, is up 50 percent.

Police have already clashed with factory workers, and riot units are closing off working class neighborhoods in anticipation of further demonstrations. Labor unions, which have been almost dormant since President Banzer took power in August 1971, have suddenly been galvanized into action and a general strike may be in the offing.

Public communiqués of the Nationalist Revolutionary Movement (MNR) and the Bolivian Socialist Falange (FSB), the civilian parties in the coalition, have so far reiterated their support for devaluation.

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31 Oct 72

Central Intelligence Bulletin

3

The MNR is caught between the desire to hold on to a share of government power and the fear that major elements of its base of popular support will be alienated. [REDACTED] the latest decision of the party's executive council is to stay in the government and make the best of the situation. The FSB apparently sees nothing to gain in continued unconditional support for devaluation.

25X1

Commanders of key military units in and around La Paz are upset by developments, but reportedly have decided to back Banzer for the time being. Providing they remain loyal to Banzer, security forces should be able to handle the immediate threat of small-to-medium scale disturbances.

25X1

31 Oct 72

Central Intelligence Bulletin

4

SECRET

INDIA: New Delhi will face a potentially serious food problem next spring because of poor rainfall this year.

Soil moisture is low and water in irrigation storage areas is deficient because rainfall was erratic and below average throughout the monsoon season in most parts of the country. Government attempts to install new irrigation facilities are being resisted by some farmers. Despite government denials, they fear they will lose part of their newly irrigated land under the land reform program. In addition, domestically produced fertilizer is in short supply and the cut in US aid has interrupted fertilizer imports.

According to the US country team, foodgrain output for the crop year ending in mid-1973 will probably be only 95 million tons--about 11 million tons below last year. So far, government foodgrain stocks have been drawn down by over a third, but the government has given no indication of seeking substantial foodgrain imports. The harvest now in progress should allow stocks to last through the winter, but foodgrain shortages are likely to appear in the spring. The outlook for edible vegetable oils, essential to the Indian diet, is even more unfavorable than that for foodgrains. The peanut crop, for example, will probably be down by 25-30 percent.

[REDACTED]

25X1

31 Oct 72

Central Intelligence Bulletin

5

SECRET



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UGANDA: The turmoil that followed the invasion last month by guerrillas from Tanzania has subsided, but the domestic situation is far from stable.

The truce between Uganda and Tanzania has held up so far, even though President Nyerere has refused to expel ex-president Obote and his followers as demanded by President Amin. Amin has not strongly challenged Obote's continued presence in Tanzania, but any hint of new guerrilla activity could precipitate renewed Ugandan military attacks against Tanzania.

Asians leaving Uganda recently have been experiencing less harassment by Ugandan troops. All Asians, except several thousand stateless persons, will probably be out by General Amin's deadline of 8 November. Rumors persist that the unruly army will take drastic action against Asians who remain after the deadline. Amin himself has threatened to place them in detention camps.

On the domestic front, security measures have been eased and roadblocks in the Kampala area have been removed. The regime, however, continues to repress those suspected of opposing Amin's rule. Large numbers of professional people, military personnel, civil servants, and tribal leaders have been detained, killed, or have disappeared in recent weeks. The army has been given power to search and arrest without a warrant any civilian suspected of "having committed or being about to commit" an offense.

The president has consistently conjured up foreign or domestic foes when confronted by problems at home. After the Asian exodus has been completed, Amin may be tempted to seek new scapegoats, possibly even including British citizens and expatriates

25X1  
31 Oct 72

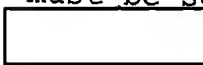
Central Intelligence Bulletin

6

~~SECRET~~

SECRET

who comprise the next largest foreign group after the Asians. Amin already has taken several steps against the UK, including the expulsion of several British diplomats, military advisers, and physicians; this week he ordered that British-owned farms must be sold to Black Ugandans.



25X1

31 Oct 72

Central Intelligence Bulletin

7

SECRET

SECRET

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ISRAEL-SYRIA: Israeli aircraft have struck a Syrian regular army outpost near Lebanon's northern border with Syria, the first such attack since June 1970. The raid presumably was prompted by Syrian artillery firing into Israel yesterday morning in the Golan Heights area. The artillery attack was, in turn, Damascus' response to the Israeli air attacks earlier yesterday against fedayeen sites in Syria. Israel's action against the Syrian military installation is a measure of Tel Aviv's post-Munich determination to punish the guerrillas and their hosts. [REDACTED]

25X1

\* \* \* \*

MOROCCO: King Hassan may announce a coalition government [REDACTED]

25X1  
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[REDACTED]

Over a month King Hassan has been working to gain the support of leading politicians, who have publicly demanded major political and economic reforms as their price for cooperation with the palace. The King may have made some concessions, but Osman's appointment as prime minister indicates that Hassan intends to keep a close rein on the new government. Although none of the parties represented in the coalition has a broad popular following, the announcement of their participation in a new government could restore at least some measure of public confidence in King Hassan's regime. [REDACTED]

25X1

31 Oct 72

Central Intelligence Bulletin

8

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